

WC 05-90

Please Date Stamp & Return

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FCC/MELLON

MAR 01 2005

March 1, 2005

VIA COURIER

Marlene H. Dortch, Secretary
Federal Communications Commission
Wireline Competition Bureau – CPD – 214 Appls.
P.O. Box 358145
Pittsburgh, PA 15251-5145

Re: Application of KMC Telecom Holdings, Inc., *et al.* and TelCove, Inc., *et al.*

Dear Ms. Dortch:

On behalf of KMC Telecom Holdings, Inc., KMC Telecom LLC, KMC Telecom II LLC, KMC Telecom III LLC, KMC Telecom of Virginia, Inc., TelCove, Inc., TelCove Investment, LLC, TelCove of Kentucky, Inc., TelCove Operations, Inc. and TelCove of Virginia, LLC (together the "Applicants"), please find an original and six (6) copies of an application for Commission approval to complete a transfer of assets of authorized international and domestic interstate carrier. Applicants have also sought similar authority in connection with the international Section 214 authority by electronic filing.

Also enclosed is a completed Fee Remittance Form 159 containing a VISA credit card number and expiration date for payment, in the amount of \$895.00, to the Federal Communications Commission, which satisfies the filing fee required for this Application under line 2.b of Section 1.1105 of the Commission's rules.

Please date-stamp the enclosed extra copy of this filing and return it in the envelope provided. Please direct any questions regarding this filing to the undersigned.

Respectfully submitted,



Tamar E. Finn

Kathleen Greenan Ramsey

Michael P. Donahue

Counsel for TelCove, Inc. *et al.*

Enclosure

FEDERAL COMMUNICATIONS COMMISSION
REMITTANCE ADVICE

(1) LOCKBOX # 358145		SPECIAL USE ONLY	
FCC USE ONLY			
SECTION A - PAYER INFORMATION			
(2) PAYER NAME (if paying by credit card enter name exactly as it appears on the card) Swidler Berlin LLP		(3) TOTAL AMOUNT PAID (U.S. Dollars and cents) \$895.00	
(4) STREET ADDRESS LINE NO. 1			
(5) STREET ADDRESS LINE NO. 2 3000 K Street, N.W. Suite 300			
(6) CITY Washington		(7) STATE DC	(8) ZIP CODE 20007
(9) DAYTIME TELEPHONE NUMBER (include area code) 202-424-7500		(10) COUNTRY CODE (if not in U.S.A.)	
FCC REGISTRATION NUMBER (FRN) REQUIRED			
(11) PAYER (FRN) 0004-3539-00		(12) FCC USE ONLY	
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C) COMPLETE SECTION BELOW FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(13) APPLICANT NAME TelCove, Inc.			
(14) STREET ADDRESS LINE NO. 1 121 Champion Way			
(15) STREET ADDRESS LINE NO. 2			
(16) CITY Cannonsburg		(17) STATE PA	(18) ZIP CODE 15317
(19) DAYTIME TELEPHONE NUMBER (include area code) (724) 743-9888		(20) COUNTRY CODE (if not in U.S.A.)	
FCC REGISTRATION NUMBER (FRN) REQUIRED			
(21) APPLICANT (FRN) 0003-7090-94		(22) FCC USE ONLY	
COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(25A) CALL SIGN/OTHER ID	(24A) PAYMENT TYPE CODE CUT	(25A) QUANTITY 1	
(26A) FEE DUE FOR (PTC) \$895.00	(27A) TOTAL FEE \$895.00		FCC USE ONLY
(28A) FCC CODE 1		(29A) FCC CODE 2	
(25B) CALL SIGN/OTHER ID	(24B) PAYMENT TYPE CODE	(25B) QUANTITY	
(26B) FEE DUE FOR (PTC)	(27B) TOTAL FEE		FCC USE ONLY
(28B) FCC CODE 1		(29B) FCC CODE 2	
SECTION D - CERTIFICATION			
CERTIFICATION STATEMENT I, <u>M. Renee Britt</u> , certify under penalty of perjury that the foregoing and supporting information is true and correct to the best of my knowledge, information and belief. SIGNATURE <u>M. Renee Britt</u> DATE <u>03/01/2005</u>			

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of the Application of

**KMC TELECOM HOLDINGS, INC.,
KMC TELECOM LLC, KMC TELECOM II LLC,
KMC TELECOM III LLC, KMC TELECOM OF
VIRGINIA, INC.**

And

**TELCOVE, INC., TELCOVE INVESTMENT, LLC,
TELCOVE OF KENTUCKY, INC., TELCOVE
OPERATIONS, INC., AND TELCOVE OF
VIRGINIA, LLC**

For Grant of Authority Pursuant to
Section 214 of the Communications Act of
of 1934 and Sections 63.04, 16.18 and 63.24 of the
Commission's Rules to Complete a Transfer of
Assets of Authorized International and Domestic
Interstate Carrier

) File No. ITC-T/C-2005 _____

) WC Docket No. 05-_____

JOINT APPLICATION

I. INTRODUCTION

A. Summary of Transaction

TelCove, Inc. ("Buyer"), TelCove Investment, LLC ("TelCove Investment"), TelCove of Kentucky, Inc. ("TelCove Kentucky"), TelCove Operations, Inc. ("TelCove Operations"), TelCove of Virginia, LLC ("TelCove Virginia") (collectively, not including the Buyer, the "TelCove Operating Companies"), KMC Telecom Holdings, Inc. ("KMC Holdings"), KMC Telecom LLC ("KMC"), KMC Telecom II LLC ("KMC II"), KMC Telecom III LLC ("KMC III"), and KMC Telecom of Virginia, Inc. ("KMC Virginia") (collectively, the "KMC

Operating Companies” and, together with Buyer and the TelCove Operating Companies, the “Applicants”), pursuant to Section 214 of the Communications Act, as amended, 47 U.S.C. § 214, and Sections 63.04, 63.18 and 63.24 of the Commission’s Rules, 47 C.F.R. §§ 63.04, 63.18 & 63.24, respectfully request authority to complete a transaction whereby Buyer will acquire certain assets, including certain customer accounts, from the KMC Operating Companies. In particular, Applicants request that the Commission authorize the KMC Operating Companies to convey certain operating assets to Buyer.¹ As described below, because the transactions will not change the rates, terms or conditions of the services being received by customers, the proposed transactions will be entirely transparent to customers of the KMC Operating Companies in terms of the services that those customers receive.

Applicants file this Application in connection with an Asset Purchase Agreement entered into as of February 2, 2005 (“Agreement”) between KMC Holdings, KMC, KMC II, KMC III, KMC Virginia and KMC Financial Services LLC (“KMC Financial”) and Buyer. Through the Agreement, KMC Financial has agreed to sell to Buyer certain of the 5ESS switches and related assets and network operations of the KMC Operating Companies. Following that transaction, certain of the KMC Operating Companies’ current customers will be transferred to Buyer who, through the TelCove Operating Companies, will become the service provider for those customers.

B. Request for Expedited Consideration

Immediately following the proposed transaction, customers of the KMC Operating Companies will continue to receive services under the same rates, terms and conditions as those

¹ Buyer currently holds international global facilities-based and resold Section 214 authority. File No. ITC-ASG-20040628-00262. Buyer will, pursuant to 47 C.F.R. § 63.21(h), provide international services through the TelCove Operating Companies. Where applicable, Buyer will provide the notice required under 47 C.F.R. § 63.21(h).

services are presently provided. The proposed transaction is part of the KMC Operating Companies' on-going efforts to focus their resources on providing traditional and IP wholesale telecommunications and enhanced services to carriers and large enterprises over a newly deployed softswitch and IP/MPLS network. In connection with that process, Applicants urgently need to complete the proposed transaction described below on or before June 30, 2005. Accordingly, Applicants respectfully request that the Commission approve this Application as expeditiously as possible in order to allow Applicants to consummate the proposed transaction by that date.

C. Application Eligible for Streamlined Processing

Applicants respectfully submit that this Application is eligible for streamlined processing pursuant to Sections 63.03 and 63.12 of the Commission's Rules, 47 C.F.R. §§ 63.03 & 63.12. With respect to domestic authority, this Application is eligible for streamlined processing pursuant to Section 63.03(b)(2)(i) because, immediately following the transactions, (1) Applicants and their affiliates (as defined in Section 3(1) of the Communications Act – "Affiliates") combined will hold less than a ten percent (10%) share of the interstate, interexchange market; (2) Applicants and their affiliates will provide local exchange service only in areas served by dominant local exchange carriers (none of which are parties to the proposed transactions) and; (3) none of the Applicants or their affiliates is dominant with respect to any service. With respect to international authority, this Application is eligible for streamlined processing pursuant to Section 63.12(a)-(b) of the Commission's Rules, 47 C.F.R. §63.12(a)-(b). In particular, Section 63.12(c)(1) is inapplicable because none of the Applicants is affiliated with any foreign carriers and none of the scenarios outlined in Section 63.12(c) of the Commission's Rules, 47 C.F.R. § 63.12(c), applies.

In support of this Application, Applicants provide the following information:

II. THE APPLICANTS

A. TelCove, Inc. ("Buyer")² and the TelCove Operating Companies

Buyer is a privately-held Delaware corporation with its principal place of business located at 121 Champion Way, Canonsburg, Pennsylvania 15317. The largest block of Buyer's shares is controlled by Bay Harbour Management, L.C. ("Bay Harbour"), a private investment company, which controls funds that hold approximately 47% of Buyer. Bay Harbour's principal place of business is located at 885 Third Avenue, 34th Floor, New York, New York 10022. Bay Harbour is deemed in control of Buyer.

TelCove Investment is a Delaware limited liability company, TelCove Kentucky and TelCove Operations are Delaware corporations and TelCove Virginia is a Virginia limited liability company. All of the TelCove Operating Companies have their principal place of business located at 121 Champion Way, Canonsburg, Pennsylvania 15317.

Buyer, through its operating subsidiaries, including the TelCove Operating Companies, is a leading facilities-based provider of integrated communications services that serves medium and large businesses, state and local governmental agencies, educational institutions, and other communications service providers. Buyer offers local and long-distance voice, dedicated data, ATM, frame relay, and Internet services and is focused on serving communications-intensive end users.

Buyer has the managerial, technical and financial talents necessary to acquire and operate the assets and serve the customers. Buyer currently holds international global facilities-based and resold Section 214 authority, as well as blanket domestic Section 214 authority. *See*

² FRN: 0004326328.

File No. ITC-ASG-20040628-00262. Buyer, through its operating subsidiaries, including the TelCove Operating Companies, is authorized to provide facilities-based local exchange and interexchange telecommunications services in every state, except Alaska, Arizona, Hawaii, and the District of Columbia. Buyer's operating companies currently provide Internet, voice and data services to customers in Alabama, Arkansas, Florida, Georgia, Kansas, Kentucky, Louisiana, Michigan, Mississippi, Missouri, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Tennessee, Texas, Vermont and Virginia. The same key management and other personnel that currently operate Buyer's operating companies in these jurisdictions will assume the KMC Operating Companies' operations following completion of the transaction.

B. KMC Holdings and the KMC Operating Companies³

KMC Holdings is a Delaware corporation with its principal place of business located at 1545 Route 206, Suite 300, Bedminster, New Jersey 07921. KMC Holdings is the ultimate holding company parent of the KMC Operating Companies. KMC Holdings, through the KMC Operating Companies and its affiliates, provides voice and/or data services in every state with the exception of Alaska, Colorado and Hawaii. Wireline voice services are provided by KMC III in Alabama, Florida, Georgia, Indiana, Kansas, Louisiana, Maryland, Michigan, Minnesota, Mississippi, North Carolina, Ohio, South Carolina, Tennessee, Texas and Wisconsin and by KMC Virginia in Virginia.

KMC, KMC II, and KMC III are Delaware limited liability companies with their principal place of business located at 1545 Route 206, Suite 300, Bedminster, NJ 07921. KMC

³ KMC Telecom Holdings, Inc.: FRN: 0003-7579-52; KMC Telecom, Inc.: FRN: 0003-7578-95; EIN: 63-1143232; KMC Telecom II, Inc.: FRN: 0003-7579-03; KMC Telecom III, Inc.: FRN: 0005-0402-82; KMC Telecom of Virginia, Inc.: FRN: 0003-7579-45.

Virginia is a Virginia corporation with its principal place of business located at 1545 Route 206, Suite 300, Bedminster, NJ 07921. KMC III holds international resold and facilities-based Section 214 authority, as well as domestic blanket Section 214 authority. *See* File No. ITC-ASG-20030708-0378. In addition to its international and interstate operations, KMC Holdings, through the KMC Operating Companies and its affiliates, is authorized by various state public service commissions to provide resold and/or facilities-based, competitive local and/or intrastate interexchange telecommunications services in 49 states and the District of Columbia. In Virginia, KMC Holdings provides service through KMC Virginia.

III. DESCRIPTION OF THE TRANSACTIONS (Answer to Question 13)

Applicants propose to complete a Transaction ("Transaction") whereby Buyer will acquire a portion of the 5ESS switches and related assets, network operations, and customer bases of the KMC Operating Companies in Daytona Beach, Fort Meyers, Greater Pinellas, Melbourne, Pensacola, Sarasota, and Tallahassee Florida; Augusta and Savannah, Georgia; Bethesda, Frederick and Rockville, Maryland; Fayetteville, Greensboro, Hickory, Wilmington, and Winston-Salem, North Carolina; Charleston, Columbia and Spartanburg, South Carolina; Bristol, Johnson City, and Kingsport, Tennessee; and Hampton Roads and Roanoke Virginia. In connection with that Transaction, Buyer will be responsible for providing service to the KMC Operating Companies' customers transferred as a result of the Transaction.⁴ In order to effectuate the proposed Transaction, Buyer, KMC Holdings, KMC, KMC II, KMC III and KMC Virginia have entered into an Asset Purchase Agreement ("Agreement").⁵

⁴ Although virtually all of the KMC Operating Companies' voice customers are being transferred as a result of the Transaction, the KMC Operating Companies will continue to provide data services to certain customers and therefore will still operate on a limited basis in the affected states. As a result, the KMC Operating Companies do not seek approval to discontinue interstate or international service.

⁵ A copy of the Agreement will be provided upon request.

Applicants emphasize that although the proposed Transaction will involve a transfer of customers, immediately following the proposed Transaction, those customers will continue to receive service from Buyer under the same rates, terms and conditions as the services currently provided. As a result, the proposed Transaction will be entirely transparent to customers served by the KMC Operating Companies in terms of the services that they currently receive. All of the affected customers will receive notice in compliance with the Commission's rules.⁶ Moreover, because Buyer is acquiring substantially all of the assets of the KMC Operating Companies necessary to provide voice service to the transferred customers, Buyer will have all of the assets required to continue to provide high quality services to the customers it acquires.

Buyer is well qualified to provide service to the KMC Operating Companies' customers. As explained above, Buyer, through its operating companies, including the TelCove Operating Companies, currently provides Internet, voice and data services to customers in Alabama, Arkansas, Florida, Georgia, Kansas, Kentucky, Louisiana, Michigan, Mississippi, Missouri, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Tennessee, Texas, Vermont and Virginia. The same key management and other personnel that currently operate Buyer's operating companies in these jurisdictions will assume the KMC Operating Companies' operations following completion of the Transaction. Thus, Buyer will be able to rely upon the expertise and experience of its existing management to continue the current operations of the KMC Operating Companies and provide the same services at the same rates, terms and conditions as current provided to the KMC Operating Companies' customers.

IV. PUBLIC INTEREST STATEMENT

The Transaction described above serves the public interest. In particular, the assignment

⁶ Buyer will file the required certification of compliance under separate cover.

of the KMC Operating Companies' customer accounts, together with the transfer of the equipment and other assets required to serve those customers, will ensure that the customers continue to receive uninterrupted interstate and international services. At the same time, the proposed Transaction will allow KMC Holdings to continue to restructure its operations and allow KMC Holdings to continue to implement its business strategies going forward.

The proposed asset transfer will not inconvenience, confuse or otherwise harm the KMC Operating Companies' customers. Indeed, the proposed Transaction will be virtually transparent to customers in terms of the services those customers receive. As set forth above, Buyer is well qualified to continue to provide such services. In sum, the proposed Transaction is expected to enhance competition in the affected markets by introducing Buyer or expanding its presence as a viable competitor while at the same time allowing KMC Holdings to continue the on-going restructuring of the company's operations.

Given the increasingly competitive nature of the interstate and international telecommunications markets, Applicants are seeking to complete the proposed Transaction as soon as possible in order to ensure that Applicants can rapidly obtain the benefits of the proposed Transaction. Accordingly, Applicants respectfully request that the Commission process, consider and approve this Application as expeditiously as possible.

V. INFORMATION REQUIRED BY SECTIONS 63.18 AND 63.24

Pursuant to Section 63.18 and 63.24 of the Commission's Rules, the Applicants submit the following information in support of this Application:

(a) Name, address and telephone number of each Applicant:

Buyer/TelCove Operating Companies:

TelCove, Inc.
121 Champion Way
Canonsburg, Pennsylvania 15317
Telephone: (724) 743-9888

KMC Holdings/KMC Operating Companies:

KMC Telecom Holdings, Inc.
1545 Route 206
Suite 300
Bedminster, NJ 07921
Telephone: (908) 470-2100

(b) Jurisdiction of Organizations:

Buyer:

Buyer is a corporation formed under the laws of the State of Delaware.

TelCove Operating Companies:

TelCove Investment is a limited liability company formed under the laws of the State of Delaware. TelCove Kentucky and TelCove Operations are corporations formed under the laws of the State of Delaware. TelCove Virginia is a limited liability company formed under the laws of the Commonwealth of Virginia.

KMC Holdings, KMC, KMC II and KMC III:

KMC Holdings is a corporation formed under the laws of the State of Delaware. KMC, KMC II and KMC III are limited liability companies formed under the laws of the State of Delaware.

KMC Virginia:

KMC Virginia is a corporation formed under the laws of the Commonwealth of Virginia.

- (c) **Correspondence concerning this Application should be sent to:**

Buyer/TelCove Operating Companies:

Tamar E. Finn
Kathleen Greenan Ramsey
Michael P. Donahue
Swidler Berlin LLP
3000 K Street, NW, Suite 300
Washington, DC 20007-5116
(202) 424-7500 (Tel)
(202) 424-7645 (Fax)
TEFinn@swidlaw.com (Email)
KGRamsey@swidlaw.com (Email)
MPDonahue@swidlaw.com (Email)

with a copy to:

James E. Means, Esq.
Deputy General Counsel
TelCove, Inc.
121 Canonsburg, PA 15317
(724) 743-9566 (Tel)
(724) 743-9791 (Fax)
jim.means@telcove.com (Email)

KMC/KMC Operating Companies:

Brad E. Mutschelknaus
Melissa S. Conway
Kelley Drye & Warren LLP
1200 19th Street, NW, Suite 500
Washington, DC 20036
(202) 955-0600 (Tel)
(202) 955-9792 (Fax)
bmutschelknaus@kelleydrye.com (Email)
mconway@kelleydrye.com (Email)

with a copy to:

Marva Brown Johnson
Vice President and Senior Counsel
KMC Telecom Holdings, Inc.
1755 North Brown Road
Lawrenceville, Georgia 30022
(678) 985-6220 (Tel)
(678) 985-6213 (Fax)
Marva.Johnson@kmctelecom.com (Email)

- (d) KMC Telecom III LLC holds international resold and facilities-based Section 214 authority pursuant to authority granted by the Commission in File No. ITC-ASG-20030708-0378. KMC, KMC II, KMC III, and KMC Virginia each hold blanket domestic interstate Section 214 authority.
- (e) Applicants seek authority to assign KMC's, KMC II's, KMC III's, and KMC Virginia's customers as described above to Buyer in connection with the Transaction described above. KMC, KMC II, KMC III and KMC Virginia will continue to provide data services to certain customers and therefore do not seek approval to discontinue interstate or international service or to abandon their Section 214 authorization.
- (f) Not applicable.
- (g) Not applicable.
- (h) (Answer to Question 11) In the answer to this question, Applicants are providing information regarding those entities that will own or control Buyer following completion of the Transaction. Following the completion of the proposed Transactions, the following entities will directly own 10% or more of Buyer:⁷

Name:	Bay Harbour Partners, Ltd.
Address:	c/o Bay Harbour Management, LC 10124 Foxhurst Court Orlando, FL 32836
Citizenship:	Cayman Islands
Percentage Owned:	20%

⁷ Buyer and/or its affiliates have two unrelated applications pending before the Commission – *In the Matter of Joint Application of Susquehanna Adelpia Business Solutions, et al. for Authority Pursuant to Section 214 of the Communications Act of 1934, as amended, to Transfer Control of a Partnership Interest*, WC 05-43 and *Petition of TelCove, Inc. for Declaratory Ruling Under Section 310(b) of the Communications Act of 1934, as amended*, ISP-PDR-20041115-00013. Buyer's upstream ownership has slightly changed, as reflected in this application. Buyer will update these applications with the ownership information provided herein.

Principal Business:	Investment
Name:	Bay Harbour 90-1, Ltd.
Address:	c/o Bay Harbour Management, LC 10124 Foxhurst Court Orlando, FL 32836
Citizenship:	U.S.
Percentage Owned:	17%
Principal Business:	Investment
Name:	Goldman Sachs ⁸
Address:	85 Broad Street New York, NY 10004
Citizenship:	U.S.
Percentage Owned:	15%
Principal Business:	Investment
Name:	Credit Suisse First Boston
Address:	Uetlibergstrasse 231 P.O. Box 700 CH 8070 Zurich, Switzerland
Citizenship:	Switzerland
Percentage Owned:	10%
Principal Business:	Investment

The following entity manages, but does not own, Bay Harbour Partners, Ltd. and Bay Harbour 90-1, Ltd.⁹:

Name:	Bay Harbour Management, LC ¹⁰
Address:	885 Third Avenue New York, NY 10022
Citizenship:	U.S.
Percentage Owned:	100%
Principal Business:	Investment

⁸ Goldman Sachs is a publicly traded and widely held corporation traded on the New York Stock Exchange under the ticker symbol GS. Upon information and belief, no entity owns more than half of the equity of Goldman Sachs. Goldman Sachs does not have day-to-day involvement in Buyer's operations.

⁹ These funds are "owned" by the individual shareholders who hold interests in the fund.

¹⁰ Bay Harbour Management, LC manages, but does not own, several investment funds, including Bay Harbour Funds, that cumulatively own 47% of TelCove Inc.

The following entities own or control ten percent (10%) or more of the equity of Bay Harbour Management, LC:

Name:	Tower, Inc.
Address:	885 Third Avenue New York, NY 10022
Citizenship:	U.S.
Percentage Owned:	85%
Principal Business:	Investment
Name:	Unity N.V.
Address:	First Trust Bank Templeton Building P.O. Box N-7759 Lyford Cay, Nassau, Bahamas
Citizenship:	Netherland Antilles
Percentage Owned:	10%
Principal Business:	Investment

The following entities own or control ten percent (10%) or more of the equity of Tower, Inc.:

Name:	Douglas Teitelbaum
Address:	885 Third Avenue New York, NY 10022
Citizenship:	U.S.
Percentage Owned:	50%
Principal Business:	Individual
Name:	Stephen Van Dyke
Address:	885 Third Avenue New York, NY 10022
Citizenship:	U.S.
Percentage Owned:	50%
Principal Business:	Individual

The following entities own or control ten percent (10%) or more of the equity of Unity, N.V.:

Name:	Sir John M. Templeton
Address:	P.O. Box NT159 Lyford Cay, Nassau, Bahamas
Citizenship:	British
Percentage Owned:	100%
Principal Business:	Individual

The following entities own or control ten percent (10%) or more of Credit Suisse First Boston:

Name:	Credit Suisse Group
Address:	Paradeplatz 8 8070 Zurich, Switzerland
Citizenship:	Switzerland
Percentage Owned:	100%
Principal Business:	Investment

Credit Suisse Group is a publicly traded and widely held corporation traded on the New York Stock Exchange under the ticker symbol CSR. Upon information and belief, no entity owns more than half of the equity of Credit Suisse Group. Neither Credit Suisse First Boston nor Credit Suisse Group have day-to-day involvement in Buyer's operations.

Other than the foregoing, to the best of the Applicants' knowledge, no other persons or entities will hold a 10% or greater direct or indirect interest in the Buyer after consummation of the Transaction.

(Answer to Question 12) TelCove, Inc. does not have any interlocking directorates with a foreign carrier.

- (i) (Answer to Question 14) Applicants certify that none of Applicants is a foreign carrier or affiliated with a foreign carrier.
- (j) (Answer to Question 15) Applicants certify that they do not seek to provide international telecommunications services to any destination country where:
 - (1) An Applicant is a foreign carrier in that country; or
 - (2) An Applicant controls a foreign carrier in that country; or
 - (3) Any entity that owns more than 25 percent of an Applicant, or that controls an Applicant, controls a foreign carrier in that country; or
 - (4) Two or more foreign carriers (or parties that control foreign carriers) own, in the aggregate more than 25 percent of an Applicant and are parties to, or the beneficiaries of, a contractual relation affecting the provision or marketing of international basic telecommunications services in the United States.
- (k) Not applicable.
- (l) Not applicable.
- (m) Not applicable.
- (n) Applicants certify that they have not agreed to accept special concessions

directly or indirectly from any foreign carrier with respect to any U.S. international route where the foreign carrier possesses market power on the foreign end of the route and will not enter into such agreements in the future.

- (o) Applicants certify that they are not subject to denial of federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1998. *See* 21 U.S.C. § 853a. *See also* 47 C.F.R. §§ 1.2001-1.2003.
- (p) Applicants respectfully submit that this Application is eligible for streamlined processing pursuant to Section 63.12(a)-(b) of the Commission's Rules, 47 C.F.R. §63.12(a)-(b). In particular, Section 63.12(c)(1) is inapplicable because none of the Applicants are or are affiliated with any foreign carriers and none of the scenarios outlined in Section 63.12(c) of the Commission's Rules, 47 C.F.R. § 63.12(c), apply.

VI. INFORMATION REQUIRED BY SECTION 63.04

In lieu of an attachment, pursuant to Commission Rule 63.04(b), 47 C.F.R. § 63.04(b), Applicants submit the following information in support of their request for domestic Section 214 authority in order to address the requirements set forth in Commission Rule 63.04(a)(6)-(12):

- (a)(6) A description of the proposed Transaction is set forth in Section III above.
- (a)(7) Buyer, through its operating companies, provides Internet, voice, including local exchange and interexchange services, and data services in Alabama, Arkansas, Florida, Georgia, Kansas, Kentucky, Louisiana, Mississippi, Missouri, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, Vermont and Virginia.

KMC III provides local exchange and interexchange service in Alabama, Florida, Georgia, Indiana, Kansas, Louisiana, Maryland, Michigan, Minnesota, Mississippi, North Carolina, Ohio, South Carolina, Tennessee, Texas, and Wisconsin. KMC of Virginia provides voice, including local exchange and interexchange services, and data services in Virginia.

KMC Telecom V, Inc., a wholly-owned subsidiary of KMC Holdings, provides local exchange and interexchange service in Alabama, Arkansas, Arizona, California, Connecticut, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Massachusetts, Maryland, Michigan, Minnesota, Missouri, Mississippi, Montana, North Carolina, Nebraska, New Jersey, New Mexico, Nevada, New York, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin, West Virginia, and

Wyoming.

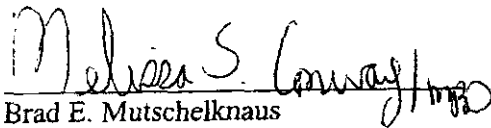
None of the Applicants and their affiliates are dominant with respect to any service.

- (a)(8) Applicants respectfully submit that this Application is eligible for streamlined processing pursuant to Section 63.03 of the Commission's Rules, 47 C.F.R. §63.03. In particular, with respect to domestic authority, this Application is eligible for streamlined processing pursuant to Section 63.03(b)(2)(i) because, immediately following the Transactions, (1) Applicants and their affiliates (as defined in Section 3(1) of the Communications Act – "Affiliates") combined will hold less than a ten percent (10%) share of the interstate, interexchange market; (2) Applicants and their affiliates will provide local exchange service only in areas served by dominant local exchange carriers (none of which are parties to the proposed Transactions) and; (3) none of the Applicants or their affiliates are dominant with respect to any service.
- (a)(9) Through this Application, Applicants seek authority with respect to both international and domestic Section 214 authorizations (this Application is being separately and concurrently filed with respect to both types of authorities in compliance with Commission Rule 63.04(b), 47 C.F.R. § 63.04(b)). No other applications are being filed with the Commission with respect to this Transaction.
- (a)(10) Prompt completion of the proposed Transaction is critical to ensuring that Applicants can obtain the benefits described in the foregoing application. Accordingly, Applicants respectfully request that the Commission approve this Application expeditiously in order to allow Applicants to consummate the proposed Transactions as soon as possible.
- (a)(11) Not applicable.
- (a)(12) A statement showing how grant of the application will serve the public interest, convenience and necessity is provided in Section IV above.

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VII. CONCLUSION

For the reasons stated above, Applicants respectfully submit that the public interest, convenience, and necessity would be furthered by a grant of this Application. Indeed, failure to grant it would directly harm the public interest. In light of the exigent circumstances and, in particular the need to ensure continuity of service to existing customers, Applicants respectfully request expedited treatment to permit Applicants to consummate the proposed Transaction as soon as possible.



Brad E. Mutschelknaus
Melissa S. Conway
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Dated: March 1, 2005

Respectfully submitted,



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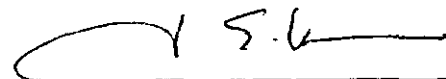
Counsel for TelCove, Inc., *et al.*

Verifications

CERTIFICATION OF APPLICANT

On behalf of TelCove, Inc., I hereby certify upon penalty of perjury that I am Deputy General Counsel of TelCove, Inc. and that the statements in the foregoing Federal Communications Commission Section 214 Application are true, complete, and correct to the best of my knowledge and are made in good faith.

By:



Name:

James E. Means

Title:

Deputy General Counsel

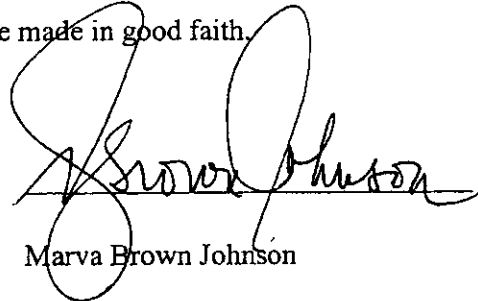
Date:

February 25, 2005

CERTIFICATION OF APPLICANT

On behalf of KMC Telecom Holdings, Inc., I hereby certify upon penalty of perjury that I am Vice President and Senior Counsel of KMC Telecom Holdings, Inc. the statements in the foregoing Federal Communications Commission Section 214 Application are true, complete, and correct to the best of my knowledge and are made in good faith.

By:

A handwritten signature in black ink, appearing to read "Marva Brown Johnson", written over a horizontal line.

Name:

Marva Brown Johnson

Title:

Vice President and Senior Counsel

Date:

February 25, 2005